

From: Roberts, Tracey
To: Wilson, Elise
Subject: RE: [External] Public Utility Tax Savings Can Offset Stranded Assets
Date: Friday, June 11, 2021 8:56:45 AM
Attachments: image001.png

ND-2021-21-A

300715

Thank you.

Tracey M. Roberts
 Associate Professor
 Cumberland School of Law



View my research on [my SSRN Author page](#)
 View my [Taxonomer blog](#)

From: Wilson, Elise <Elise.Wilson@psc.sc.gov>
Sent: Friday, June 11, 2021 7:36 AM
To: Roberts, Tracey <trobert6@samford.edu>
Cc: PSC_Contact <Contact@psc.sc.gov>
Subject: [EXTERNAL]RE: [External] Public Utility Tax Savings Can Offset Stranded Assets

Good Morning, Ms. Roberts.

Thank you for your correspondence. We intend to open a Non Docket Issue ("NDI") and post your comments on our Docket Management System ("DMS"). As such, you will be included as a party of record and receive electronic service of matters posted to this NDI. The DMS is available to the public and accessible at this link: <https://dms.psc.sc.gov/Web/Dockets>.

Should you have any questions regarding the use of the DMS, please reach out to us. Thank you, again, for your correspondence.

Respectfully,

Elise Wilson
 Public Service Commission
 State of South Carolina
 101 Executive Center Drive
 Saluda Building, Suite 100
 Columbia, South Carolina 29210
 803.896.5100

In accordance with Commission practices and procedures, should you respond to this

email, please remember to hit "reply all" so that there is no inadvertent, accidental ex parte communication in this matter, regardless if such procedural communication may be exempt by statute.

From: Roberts, Tracey <trobert6@samford.edu>
Sent: Wednesday, June 9, 2021 9:47 PM
To: PSC_Contact <contact@psc.sc.gov>
Subject: [External] Public Utility Tax Savings Can Offset Stranded Assets

Justin T. Williams, Chairman District 6
 Florence P. Belser, Vice Chair, District 2
 Stephen "Mike" Caston, District 3 Commissioner
 Carolyn "Carolee," L. Williams, District 1 Commissioner
 Thomas J. "Tom" Ervin, District 4 Commissioner
 Headen B. Thomas, District 5 Commissioner
 Delton W. Powers, Jr., District 7 Commissioner
 South Carolina Public Service Commission
 101 Executive Center Dr, Suite 100
 Columbia, South Carolina 29210
contact@psc.sc.gov
 803-896-5100

Dear Chairman and Commissioners:

Prior to 2018, public utilities enjoyed the benefit of accelerated tax depreciation on the acquisition of plant, property, and equipment (PPE). Under current regulations the resulting tax savings could not immediately be passed forward to consumers, but instead were required to be held to offset future taxes. Utilities may face difficulty passing through the costs of recently acquired fossil fuel-based PPE to consumers following natural disasters, severe weather, sharp changes in the market, or climate change regulation.

However, with the authorization of the South Carolina Public Service Commission, the utilities may apply those savings to offset their stranded assets, rather than passing those costs through to consumers. Those savings have previously been tracked in utilities' "Accumulated Deferred Income Taxes" accounts. However, those savings may have been shifted to other accounts following the Tax Cuts and Jobs Act of 2017. Regardless, the commission should account for the tax savings and increased profits that will have accrued to investors before making any concessions to investors for stranded assets.

My article (attached and linked below) discusses this option and opportunity.
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3443927

Best regards,

Tracey M. Roberts

Tracey M. Roberts
Associate Professor
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